ILLINOIS BUSINESS REVIEW

A MONTHLY SUMMARY OF BUSINESS CONDITIONS FOR ILLINOIS

PUBLISHED BY . . . .
BUREAU OF ECONOMIC AND BUSINESS RESEARCH
COLLEGE OF COMMERCE · UNIVERSITY OF ILLINOIS

VOLUME XVIII | MAY, 1961 | NUMBER 5

HIGHLIGHTS OF BUSINESS IN APRIL

Further signs of business improvement were in evidence during April. Unemployment declined a little more than seasonally; and employment rose, although rains held down farm hiring and kept the total increase below the normal seasonal gain (see page 5). Steel production has picked up, and automobile output reached 446,740 cars, 9 percent above March. The index of industrial production rose 3 points to 105 percent of the 1957 average.

Retail sales were down 1 percent to slightly under $18.0 billion. Deliveries of new, domestically produced cars by automobile dealers increased 3 percent to an average daily rate of 18,400 and department store sales were up, but other retail sales declined.

Construction Continues Steady

The value of new construction put in place in April rose about 11 percent over March to $4.3 billion. As a consequence, the seasonally adjusted annual rate was about 2 percent above that in the preceding two months and 3 percent above the year-earlier month.

Private construction expenditures in April amounted to $3.0 billion, a 9 percent increase over March. The advance in the adjusted annual rate of private expenditures reflected mainly a 15 percent gain in private nonfarm residential building to $1.6 billion, compared with a normal increase of 10 percent. Public outlays were up 17 percent from March, whereas the normal seasonal rise is about 16 percent. The resulting rise in the seasonally adjusted annual rate of public construction was due almost entirely to increases in highway expenditures and military construction.

Rise in Consumer Debt

After declining for two consecutive months, instalment debt of consumers increased $48 million in March on a seasonally adjusted basis. This expansion in debt outstanding reflected mainly a rise in extensions from the February low. Increases in personal loans and in consumer goods (other than automobile) paper more than offset an adjusted fall of $65 million in automobile paper. Total instalment debt outstanding at the end of March amounted to $42.1 billion, about 5 percent more than the year-earlier total.

Noninstalment debt increased $158 million, reflecting primarily a seasonally adjusted addition of $130 million in charge accounts outstanding, which had declined in the preceding two months. Total short- and intermediate-term consumer debt rose $206 million to $53.9 billion.

Proposed Federal Tax Changes

The Administration has asked Congress to make a number of changes in federal tax laws to stimulate private capital spending and to narrow certain tax loopholes. One change is intended to stimulate business investment in new plant and equipment by allowing tax credits for such expenditures. Another provision would put new limits on tax deductions for business expense, including a $30-a-day ceiling on a businessman's deductible living costs while away from home.

Another measure would restrict the present law allowing concerns operating abroad through subsidiaries to defer United States tax payments on overseas earnings until the income is repatriated; deferral would no longer apply to earnings acquired in 29 countries, mostly in Western Europe. So-called "tax haven" companies would lose the deferral privilege entirely. The Administration has also called for a 20 percent withholding tax on dividends and on interest received on bank deposits, savings and loan "deposits," and government and corporate securities. In addition, it has requested abolition of the law permitting stockholders to exclude from taxable income their first $50 of dividends and to subtract a 4 percent credit on the amount above $50.

MAY 31 1961

Again Sales Rise, Inventories Fall

For the second consecutive month, sales of manufacturing and trade firms in March showed a gain over the preceding month after adjustment for seasonal influences. The rise of 2 percent carried the total for the month to $60.9 billion. The sales gain helped to reduce total business inventories $600 million to an adjusted $91.1 billion, lowering the inventory-sales ratio to 1.50, compared with 1.54 in February and 1.51 in March, 1960.

The increase in sales was shared by all levels of business. Both manufacturers' and retailers' sales went up $500 million, the former to $29.5 billion and the latter to $18.3 billion. Sales at wholesale rose from $12.9 billion to $13.2 billion. The reduction in inventories occurred in manufacturing and in retail trade, with almost two-thirds of the decline the result of a cut in automobile dealers' stocks.

Higher ordering of primary and fabricated metals and of nonelectrical machinery accounted for much of a 2 percent increase in new orders received by manufacturers in March. The nondurable goods industries also reported gains.

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ILLINOIS BUSINESS REVIEW

Monthly except July-August when bimonthly

BUREAU OF ECONOMIC AND BUSINESS RESEARCH
UNIVERSITY OF ILLINOIS

Box 658, Station A, Champaign, Illinois

The material appearing in the *Illinois Business Review* is derived from various primary sources and compiled by the Bureau of Economic and Business Research. Its chief purpose is to provide businessmen of the State and other interested persons with current information on business conditions. Signed articles represent the personal views of the authors and not necessarily those of the University or the College of Commerce. The *Review* will be sent free on request.

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Monetary Policy for Recovery

Just at the recession low, some progress was made in getting long-term interest rates down. Yields on long-term governments fell back to 3.75 percent at the beginning of May, or about where they were in the closing months of 1958. Short-term rates were also back to a point midway between the easy-money low of the 1958 recession and the tight-money peak of the early 1960 recovery.

The situation in today's capital markets is described as being in "delicate balance." The prospective improvement in business suggests to market analysts that stronger action may be needed simply to preserve the existing rate structure. Uncertainties arise because there is a heavy accumulation of available short-term funds; most of the net free reserves are held by country banks; and the huge foreign holdings of dollar assets are subject to withdrawal at any time.

Conflict of Policy

The current policy is now said to be firmly established but it, too, may be in a state of precarious balance. The business improvement ahead — though possibly short-lived and short of full-employment — will look very promising for a few months at least. Inventories appear to be in process of swinging all the way from liquidation to accumulation in one quarter. With government expenditures also rising rapidly, not much more is needed to create the impression of prosperity regained.

The Fed has shown that its heart is not in the effort to bring interest rates down. It holds that bringing unemployment down by an easy-money policy is impossible because most of the unemployment is structural rather than cyclical. The widely voiced notion that it "acted promptly in easing" in 1960 is not supported by the facts. The market was not strong enough to sustain the peak rates, and the Fed's "active" anti-deflationary role in the shift did not come until early reports of the recession threatened to make high rates an issue in the election campaign.

Even economists who are generally sympathetic to the Fed position feel that the tight money policy of 1959 was pushed too far. Arthur Burns, former chairman of the Council of Economic Advisers, cited that policy as helping to explain the "unsatisfactory character of the business-cycle expansion from 1958 to 1960" and pointed out that "long-term rates advanced faster than during a comparable stage of any business cycle during the past 100 years."

A strong stand for lower long-term rates was recently taken by the Joint Economic Committee of Congress. Its report called the ½ percent decline from the peak inadequate and proposed a further bond-buying campaign by the Fed, beyond a "token" gesture, to drive rates down still further. Difference of opinion was evident, however, in the strong dissent by the committee's minority.

The Council of Economic Advisers also recommended lower rates as a means of stimulating private investment and thus reversing the slowdown in our rate of growth. Other branches of the Administration appear to be more nearly satisfied with the "progress" already made. Secretary of the Treasury Dillon contented himself with affirming the need to keep long-term interest rates low "for some period of time." The fact is that the Administration is a captive of its own orthodox views on gold and international finance. It clings to the relatively worthless objective of attracting international "hot money" with high short-term rates in order to prevent gold outflows, and this renders its "low-interest-rate policy" ineffective.

Government Action to Assure Prosperity

The Administration has been very successful in stimulating a favorable swing in public sentiment. This is reflected in the drive of the stock market to new highs at a time when profits were falling and in the reversal of business policy which interrupted the inventory cycle in its downward phase. Unfortunately the economy cannot live on sentiment alone. The question is, What will happen when this temporary stimulus has worn off?

The Council of Economic Advisers is necessarily sensitive to the government's role as economic stabilizer and apparently concurs in some criticisms of recent fiscal policy. Herbert Stein, director of research of the Committee for Economic Development, stated before the Joint Economic Committee in February that the government budget has, since the beginning of 1960, been balanced at too high a level of unemployment; it "yields a surplus in excess of $5 billion when unemployment is as high as 5 percent." Arthur Burns attributes the recent recession in part to the "violent shift in Federal finances between the first quarter of 1959 and the second quarter of 1960," when we had a deficit-to-surplus "turnaround of about $24 billion" in seasonally adjusted annual rates. Others have pointed to the lack of federal expansion in recent years as contributing to the growth in unemployment; federal employment has remained stable since 1953.

The Council currently feels satisfied that it can foresee improvement in activity through the rest of this year, but not necessarily enough to reduce unemployment below 6 percent. Looking further ahead, it does not foresee any basis for a recovery that would close "the growing gap between what we can produce and what we do produce."

This longer view appears to be at the root of the differences of opinion about what should be done. Burns lines up on the optimistic side. He hopes for full employment in 15 to 18 months, in view of the fact that the problem of recovery from one recession "is not very different from another" and in view "of the substantial increases in Federal spending that were initiated. . . ."

The Council, however, puts more weight on the fact that much of the gain to be derived from measures adopted so far is very short-term in character. This is evident in the temporary extended unemployment compensation program. Expenditures will build up quickly to a peak-

(Continued on page 8)

COOPERATIVE HOME FINANCING

Home ownership during this century has risen steadily. Seventy years ago two-thirds of all nonfarm families in this country lived in rented houses, whereas today six in ten own their homes. A major influence contributing to the uptrend in home ownership has been the development of savings and loan associations. These organizations have facilitated the purchase of homes through long-term, low-interest loans out of funds obtained by pooling the savings of large numbers of individuals.

Concept and Growth

The concept of the cooperative, or mutual, building society was brought to this country in 1831 from England, where it had become a popular means for low-income wage-earners to buy their own homes. Typically, all members of one of these early building associations agreed to save a stipulated monthly sum until the group had accumulated enough money for the purchase of one home, at which time the highest bidder was given the right to borrow and repay the association in small monthly instalments. This procedure continued until all members owned homes mortgage-free, when the association usually was dissolved.

It became apparent in time that aspiring homeowners could acquire homes more quickly if persons desiring only to save were invited to join so that their savings would swell the lending reserves. For this reason, associations also became savings institutions and, in doing so, acquired a reason for a continuing existence.

As the nation's expanding population shifted westward, the number of savings and loan associations increased rapidly, totaling more than 5,300 in 1900 and reaching an all-time high of 12,300 in 1929. During the depression, when real estate values fell sharply and defaults on mortgages were common, large numbers of associations were forced out of business and assets shrank to a low of $6 billion in 1939 compared with $9 billion in 1929. Since that time, the business has been undergoing the greatest economic growth in its history, though with only half as many establishments as at the 1929 peak. Contributing to this growth has been the greater stability and protection given through federal insurance of savings accounts in member associations up to $10,000, as well as through a federal reserve agency — the Federal Home Loan Bank System — serving members in much the same way the Federal Reserve System does commercial banks.

A Local Business

Today, the savings and loan business consists of more than 6,200 associations, located in virtually every urban center in the United States. These associations still are essentially local in character, being owned and utilized primarily in their home communities.

Although their activities are mostly confined to home financing and the encouragement of thrift, savings and loan associations do a large volume of business. In 1959, they received a gross income of $3 billion and employed about 55,000 persons.

Over 23 million persons today are saving money with these organizations and another 8 million are paying for homes purchased through them. In 1959, savings and loan associations financed 41 percent of all homes built or purchased in the nation, making them the largest lender in home mortgaging. Altogether, more than $15 billion in mortgages were placed on their books during 1959, the largest volume in association history. About 44 percent of this total was utilized for purchase of existing houses and 35 percent went into the construction of approximately 400,000 dwelling units. The remainder was applied to miscellaneous purposes, such as modernization and reconditioning of homes. These associations held savings balances of more than $54 billion in 1959, an amount second only to those held by commercial banks. Association savings accounts attract persons from all areas of life, but mortgage loans are used principally by persons in the lower- and middle-income brackets.

Associations may be chartered either by states or by the federal government. Although state associations are more numerous — making up nearly 70 percent of the total — federal associations tend to be larger. Of the $63 billion in total assets held by all associations in 1959, federal establishments held about 55 percent.

Associations in Illinois

The first cooperative building association in Illinois was not established until 1851. Despite its late start, the business in Illinois grew briskly, particularly in Chicago. By 1900 Illinois had 400 associations with total assets of $40 million. Today, there are nearly 600 savings and loan establishments in the State, a number surpassed only by Pennsylvania's 844. Total assets here exceed $6 billion.

These associations are the major financial media for both savings and home buying within the State. In 1959 more than $5 billion, or approximately one-half the total balance of savings in the five major types of savings institutions, was deposited with Illinois savings and loan associations. In order to purchase homes, Illinoisans borrowed $1.3 billion in 1959 from the associations, nearly two-thirds of the amount borrowed from all financial agencies for this purpose. Savings and loan associations financed six out of every ten Illinois homes mortgaged in 1959, the highest proportion in any state.

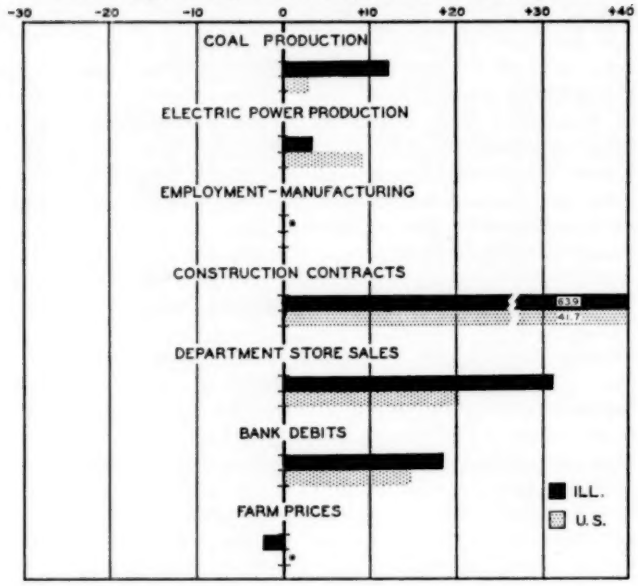
Associations are widely distributed throughout the State. Almost all cities of more than 10,000 population, as well as many smaller ones, have at least one. The greatest concentration, however, is in the Chicago area. In 1959 more than two-fifths of the associations with seven-tenths of the total assets were in the Chicago metropolitan area.

Although the average Illinois association in 1959 held assets of $11 million, there were 18 in the State with more than $40 million in assets. All these, with the exception of one association in Aurora, were located in Cook County.

STATISTICAL SUMMARY OF BUSINESS ACTIVITY

SELECTED INDICATORS

Percentage changes February, 1961, to March, 1961



* No change.

ILLINOIS BUSINESS INDEXES

Item	Mar. 1961 (1947-49 =100)	Percentage change from Feb. 1961	Percentage change from Mar. 1960
Electric power[1]	238.9	+ 3.1	− 3.9
Coal production[2]	77.4	+12.1	−17.4
Employment—manufacturing[3]	93.7	+ 0.0	− 8.3
Weekly earnings—manufacturing[3]	170.5[a]	− 0.4	+ 1.4
Dept. store sales in Chicago[4]	123.0[b]	+ 1.7	+ 2.5
Consumer prices in Chicago[5]	130.2	− 0.2	+ 0.8
Construction contracts[6]	310.1	+63.9	+ 7.6
Bank debits[7]	244.5	+18.1	+ 3.7
Farm prices[8]	83.0	− 2.4	+ 1.2
Life insurance sales (ordinary)[9]	350.8	+23.7	+ 4.0
Petroleum production[10]	119.6	+ 9.3	− 0.8

[1] Fed. Power Comm.; [2] Ill. Dept. of Mines; [3] Ill. Dept. of Labor; [4] Fed. Res. Bank, 7th Dist.; [5] U.S. Bur. of Labor Statistics; [6] F. W. Dodge Corp.; [7] Fed. Res. Bd.; [8] Ill. Crop Rpts.; [9] Life Ins. Agcy. Manag. Assn.; [10] Ill. Geol. Survey.

[a] Data for February, 1961, compared with January, 1961, and February, 1960. [b] Seasonally adjusted.

UNITED STATES MONTHLY INDEXES

Item	Mar. 1961	Percentage change from Feb. 1961	Percentage change from Mar. 1960
	Annual rate in billion $		
Personal income[1]	409.6[a]	+ 0.8	+ 3.2
Manufacturing[1]			
Sales	354.0[a]	+ 1.7	− 3.3
Inventories	53.3[a, b]	− 0.6	− 1.8
New construction activity[1]			
Private residential	17.0[c]	+10.3	−11.2
Private nonresidential	16.0[c]	+ 3.6	+ 4.8
Total public	13.4[c]	+10.4	+12.5
Foreign trade[1]			
Merchandise exports	20.1[d]	+ 1.5	+ 6.1
Merchandise imports	12.6[d]	− 6.9	−18.9
Excess of exports	7.5[c]	+19.6	+118.4
Consumer credit outstanding[2]			
Total credit	53.9[b]	− 0.4	+ 5.4
Instalment credit	42.1[b]	− 0.5	+ 6.1
Business loans[2]	36.4[b]	+ 1.7	+ 1.2
Cash farm income[3]	27.4[d]	−25.4	+11.1
	Indexes (1947-49 =100)		
Industrial production[2]			
Combined index	102[a, c]	0.0	− 6.4
Durable manufactures	95[a, c]	+ 1.1	−12.0
Nondurable manufactures	111[a, c]	+ 0.9	− 0.9
Minerals	96[a, c]	0.0	0.0
Manufacturing employment[4]			
Production workers	92	− 0.3	− 8.4
Factory worker earnings[4]			
Average hours worked	98	+ 0.5	− 1.5
Average hourly earnings	174	+ 0.4	+ 1.3
Average weekly earnings	171	+ 0.9	− 0.2
Construction contracts[5]	278	+41.7	+ 3.9
Department store sales[2]	145[a]	0.0	+ 5.1
Consumer price index[4]	128	0.0	+ 1.4
Wholesale prices[4]			
All commodities	120	− 0.1	− 0.2
Farm products	90	− 0.2	− 0.3
Foods	110	− 0.8	+ 2.1
Other	128	+ 0.1	− 0.4
Farm prices[3]			
Received by farmers	90	0.0	+ 1.1
Paid by farmers	121	0.0	+ 0.8
Parity ratio	80[f]	− 1.2	0.0

[1] U.S. Dept. of Commerce; [2] Federal Reserve Board; [3] U.S. Dept. of Agriculture; [4] U.S. Bureau of Labor Statistics; [5] F. W. Dodge Corp.

[a] Seasonally adjusted. [b] End of month. [c] Includes Hawaii and Alaska. [d] Data for February, 1961, compared with January, 1961, and February, 1960. [e] 1957 = 100. [f] Based on official indexes, 1910-14 = 100.

UNITED STATES WEEKLY BUSINESS STATISTICS

Item	1961 April 29	1961 April 22	1961 April 15	1961 April 8	1961 April 1	1960 April 30
Production:						
Bituminous coal (daily avg.) thous. of short tons	1,235	1,245	1,170	1,100	1,151	1,395
Electric power by utilities mil. of kw-hr.	14,254	14,311	14,434	14,182	14,163	n.a.
Motor vehicles (Wards) number in thous.	139	150	138	117	124	165
Petroleum (daily avg.) thous. bbl.	7,249	7,245	7,249	7,227	7,351	7,014
Steel 1947-49 = 100	108	104	101	98	95	128
Freight carloadings thous. of cars	544	533	522	506	506	643
Department store sales 1947-49 = 100	146	144	130	128	151	151
Commodity prices, wholesale:						
All commodities 1947-49 = 100	119.4	119.5	119.4	119.5	119.5	120.0[a]
Other than farm products and foods 1947-49 = 100	128.1	128.0	127.9	127.9	127.9	128.7[a]
22 commodities 1947-49 = 100	87.4	87.2	87.3	86.4	86.2	85.4
Finance:						
Business loans mil. of dol.	31,492	31,626	31,734	31,813	31,959	30,927
Failures, industrial and commercial number	369	320	383	343	350	325

Source: *Survey of Current Business, Weekly Supplements.*

[a] Monthly index for April, 1960. n.a. Not available.

RECENT ECONOMIC CHANGES

Wholesale Prices Hold Steady

Wholesale prices fell slightly in March to 119.8 percent of the 1947-49 average from 119.9 in the preceding month. Lower meat and processed poultry prices reduced the index for processed foods to 109.6, from 110.5 in February. An increase in the general level of industrial prices was largely offsetting.

As shown in the accompanying chart, the over-all index of wholesale prices has remained quite steady since January, 1958, ranging between a low of 118.9 and a high of 120.0. Movements in the three major components, however, have been varied. During 1960, there was a slight downward movement in industrial prices, whereas prices of farm products and processed foods moved in the opposite direction.

Security Offerings Decline

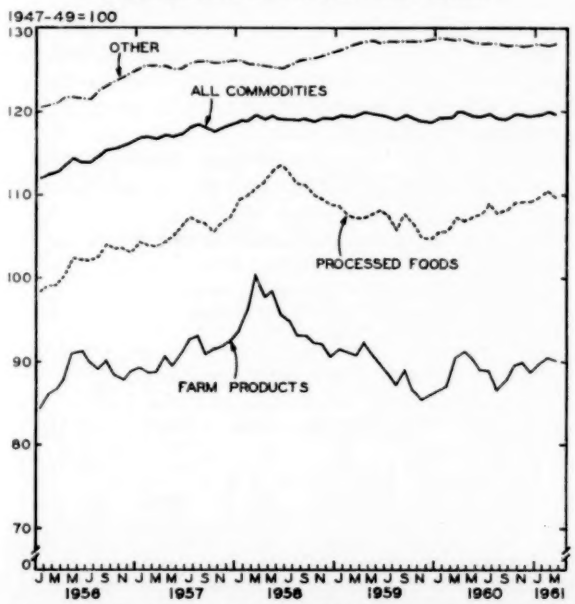
New corporate securities offered for cash sale during the first quarter of 1961 fell more than 30 percent below the preceding period, according to the latest report by the Securities and Exchange Commission. The lower volume of new security offerings reflected primarily a decline in financing by electric and gas utilities, manufacturing, and communications companies. Corporations offered $1.9 billion worth of securities in the first three months of this year, compared with $2.8 billion in the fourth quarter of 1960. The entire decline was in debt issues. First-quarter offerings were also down about $400 million from the corresponding period a year ago.

Gross National Product

The nation's output of goods and services dipped below $500 billion in the first quarter of 1961, according to preliminary estimates by the Council of Economic Advisers. The seasonally adjusted annual rate in the first quarter, at $499.5 billion, was down less than 1 percent from 1960's fourth-quarter rate of $503.5 billion.

The major factor in the first-period decline in GNP was a further increase in the rate of inventory liquidation. Inventories were being reduced at an annual rate of $4.5 billion in the first quarter, compared with a $3 billion rate in the previous period and an accumulation rate of $11.4 billion in the first quarter a year ago.

WHOLESALE PRICE INDEXES



Source: Bureau of Labor Statistics.

GROSS NATIONAL PRODUCT OR EXPENDITURE
(Seasonally adjusted, billions of dollars at annual rates)

	*1st Qtr.** *1961*	*4th Qtr.* *1960*	*1st Qtr.* *1960*
Gross national product	499.5	503.5	501.3
Personal consumption	329.0	330.8	323.3
Durable goods	39.5	43.2	44.2
Nondurable goods	153.0	152.9	150.5
Services	136.5	134.7	128.6
Domestic investment	61.0	66.0	79.3
New construction	39.4	40.3	40.8
Producers' durable equipment	26.4	28.7	27.1
Change in business inventories	−4.5	−3.0	11.4
Nonfarm inventories only	−4.7	−3.4	11.0
Foreign investment	5.0	4.6	1.2
Government purchases	104.5	102.1	97.5
INCOME AND SAVINGS			
National income	n.a.	n.a.	414.4
Personal income	407.5	408.5	396.2
Disposable personal income	357.1	358.1	347.0
Personal saving	28.1	27.2	23.7

* Preliminary estimates by Council of Economic Advisers.
Source: Department of Commerce.

A drop in personal consumption spending contributed to the over-all decline in GNP during the quarter as a $3.7 billion drop in durable goods purchases more than offset gains in nondurable goods and services. Private investment in new construction and producers' durable equipment was also down in the January-March period.

Gains in exports and government spending canceled out part of the contraction in the other components. Net exports increased to an annual rate of $5 billion in the first quarter from $4.6 billion in the preceding period, while government purchases rose to $104.5 billion.

Employment Situation Improves

The employment situation improved slightly in April as a larger-than-seasonal decline in the number of jobless was combined with a less-than-seasonal increase in employment.

Unemployment fell by 533,000 during the month to about 5.0 million. The drop exceeded the normal seasonal decline by a small margin and, as a result, the seasonally adjusted rate declined to 6.8 percent of the labor force.

Long-term unemployment, those out of work 15 weeks or more, rose to a postwar record of over 2.1 million, indicating that structural maladjustments continue to persist despite signs of a general business pickup.

Extremely wet weather in April held the increase in total employment to 218,000, compared with a normal rise of 700,000 for this time of year. Almost all of the slack occurred in agricultural jobs, which rose by only 23,000 during the month.

Labor Department data, in thousands of workers, are as follows:

	April *1961*	*March* *1961*	*April* *1960*
Civilian labor force	70,696	71,011	69,819
Employment	65,734	65,516	66,159
Agricultural	5,000	4,977	5,393
Nonagricultural	60,734	60,539	60,765
Unemployment	4,962	5,495	3,660
Seasonally adjusted rate	6.8	6.9	5.1

PROSPECTS FOR HOMEBUILDING IN THE 1960'S

BURNHAM O. CAMPBELL, Instructor in Economics

One need only look at the record growth in the population over 15 years of age that will occur in the 1960's to become very optimistic about the prospects for residential construction in the next ten years. The general belief that there is no present danger of a major depression and that a proper use of monetary policy can stabilize residential construction at or near the high level apparently justified by population growth helps support this bullish outlook.

In contrast to this view, there are reasons to believe that the 1960's will not show steady progress but rather a dip in homebuilding followed by recovery. It can be very misleading to look at the change in the housing population while ignoring the age composition of the change. It would be misleading to do so in the 1960's.

Furthermore, it is not enough to consider housing demand in relation to population changes alone. The significance of the population increase in the next ten years can be evaluated only with respect to the total change in housing demand in the recent past; that is, the change due to shifts in income, credit conditions, and tastes as well as in the population base. Unfortunately, this comparison provides no basis for optimism. Finally, it has never been established that monetary policy can stabilize residential construction when other, more basic conditions are not favorable.

The Population Base in the 1960's

Analysis of past data reveals a definite relationship between actual homebuilding and estimated requirements based on population changes by age classes and headship rates in each age class. Since the relevant age classes begin at 15 years, the numbers to be expected in each may be projected with some confidence for at least 15 years into the future. When the ratio of household heads to the population in each age group (the headship rate) is applied to the change in numbers in each group, the result is an estimate of the total dwelling-unit requirements due to population changes in the specified year or period.

From the decade of the 1880's through the 1940's, these estimated requirements explained changes in the level of household formations very well. Moreover, except in the 1930's, housing starts and required additions were also closely related. In other words, while changes in such factors as income and tastes may have shifted headship rates and created temporary differences between housing starts and household formations within decades, the decade level of household formations and housing starts (and to a lesser degree, the half-decade level as well) was closely limited by the concurrent shift in the population base — at least until the 1950's.

In evaluating the prospects for residential construction in the 1960's, it is well to keep in mind this tie between required additions, household formations, and housing starts. What it indicates is that the number of additional dwelling units required by population growth will rise in the next ten years but by far less than might be suggested by the increase in the population over 15 years of age. Although the increase in the population over 15 in 1960-65 will be almost twice as large as in 1945-50, the difference in the age composition of the population increment in these two periods will mean that fewer additional units will be required by the population growth in 1960-65 than in 1945-50.

In fact, required additions in the next five years will remain below the level reached in either half of the 1940's. Then, in 1965-70 the population base for additions to the housing stock will increase much more rapidly to an all-time high. (See Table 1.) As a result, required additions for the entire decade will also reach an all-time peak (although the increase over the 1950's will be only slightly more than in several past decades).

With so much publicity given the exceptional increase in household formations expected in the near future, one may forget that the housing boom of the recent past was based on an even more exceptional concentration of additional demand for separate quarters. In neither half of the 1960's will required additions increase by as much or reach as high a level as they did in 1945-50 (when adjustment is made for the demobilization of the armed forces).

The Importance of Age Composition

Although the number of additional dwelling units required by population changes will be large (though not extraordinarily so) in the next ten years, the extreme changes in the age composition that will occur in the 1960's may well be even more important in determining the final impact of population growth on housing demand. As Table 1 shows, required additions for the early life-cycle stages will increase sharply in the next ten years (with the increase for the 25-34 age class entirely concentrated in 1965-70). Required additions for the late life-cycle stages will also increase, but the increase will be far less outstanding. Conversely, the population pressure for additions to the housing stock will be weaker than ever before at the middle life-cycle stages in the 1960's.

In 1960-65 the population base for additions to the housing stock will be strongest in the age classes where conversions are most important, where people are most susceptible to unemployment and the income elasticity of demand is highest, and where the average value of dwelling unit occupied is lowest. At the same time, the population base will decline in the age classes where postponement of household formations or the breaking up of existing households is least likely, and where the incidence of first-time ownership and the average value of units occupied is highest.

Because of this age composition, required additions may overstate the effective demand for new dwelling

Table 1. Required Additions in the 1960's and in the Recent Past
(Thousands of dwelling units)

Periods, July 1 to June 30	Age class						Total
	15-24	25-34	35-44	45-54	55-64	65 and up	
1940-50	−29	795	1,486	943	1,473	1,728	6,396
1950-60	−17	−544	1,081	1,695	1,109	1,811	5,135
1960-70	1,336	996	−471	1,275	1,825	2,198	7,159
1955-60	130	−513	555	974	582	982	2,710
1960-65	509	−120	148	663	809	1,084	3,093
1965-70	827	1,116	−619	612	1,016	1,114	4,066

Sources of data: U.S. Bureau of the Census, *Current Population Reports*, Series P-20 and P-25.

units arising from population changes in the next five years. For the same reason, a smaller real expenditure will be necessitated by a given number of required additions, demand for rental units will be stimulated (especially by the change in the population between 15 and 24 years of age), and demand for owner-occupied units will be relatively depressed. In fact, the increase in rental demand is already reflected in the higher rate of multi-family starts in the last two years.

All in all, the next five years seem to be the only period in the foreseeable future when population changes might cause a decrease in residential construction sufficient to produce a depression. If this should happen, the age composition of required additions will serve to make housing demand less responsive to credit policy and especially vulnerable to sharp curtailment as income falls. In this respect the housing market in the next five years will be unlike any since 1930-35.

There is more reason for optimism in the second half of the 1960's — mostly because of the large increase in required additions for the 25-34 age class that will occur in this half-decade. This change should create the best market ever for low-priced tract housing. However, no past residential building boom has taken place when required additions for the 35-44 age class were falling sharply, and required additions for this key age class never fell so sharply as they will in 1965-70 and never reached a negative level before. Among other things, this negative change for the 35-44 age class will tend to lower further the average value of sales starts and to make it more difficult to move up the housing ladder by exchanging sales units.

The Extraordinary 1950's

It will help in placing the next ten years in proper perspective to look briefly at the relationship between population changes, household formations, and housing starts in the recent past. During the 1950's household formations were almost half again as large as required additions and increased at the same time that the population base declined. (See Table 2.) Moreover, housing starts exceeded household formations for only the second time (the first was in the 1920's) in the last eight decades.

The change in headship rates that raised household formations above required additions in the 1950's came primarily at the early and late life-cycle stages (under 35 and over 65 years of age). The increase was greater in the first half of the 1950's and led to a relatively large change in the number of "non-normal" households and of female household heads.

Several factors probably accounted for this change in headship rates, including the postponement of demand resulting from World War II, the trend toward earlier marriages, the significant increase in life expectancy at the late life-cycle stages, and the increased mobility and change in tastes brought about by the war's impact on family ties and habits. Supporting these factors, and undoubtedly a necessary condition for their becoming effective, was the high level of employment and the growing per capita real income achieved through most of the 1950's.

The excess of housing starts over household formations in the 1950's can be explained by the following factors: the backlog of needs (household formations exceeded housing starts by over 2 million units in the 1940's, lowering the average quality of housing occupied); the postponement of replacement resulting from World War II; the increased mobility of the population; the impact of the government-insured mortgage programs on mortgage terms; and the high level of employment and the growth in real income in the last ten years.

The question arises, Can this situation continue or will future housing starts and household formations be closely limited by the change in the population base as was the case before the 1950's? No firm answer is possible, but it is apropos to point out that many of the conditions explaining the excess of housing starts over household formations and the increase in headship rates during the 1950's have a one-time effect that is now largely exhausted; among these are the quality backlog and the postponement of demand and replacement brought about by the war, the government-insured mortgage programs, and the changes in tastes and habits. Still other determinants of the extraordinary changes during the 1950's, such as mobility and income, will probably have to increase by increasing amounts in the future to have the same impact on housing demand.

In this context several recent developments merit attention. A slower rate of economic growth and increased unemployment in the last few years has been accompanied by a smaller increase in headship rates. At the same time the number of vacancies has been increasing (absolutely and relative to the housing stock). Finally, in the 1960 recession housing starts have not responded to an increase in the relative return on FHA and VA mortgages as they did in the prior postwar recessions.

Together, these recent developments imply that it may be difficult to maintain the same excess of housing starts over household formations and the same change in headship rates in the next decade that took place in the last one. Should the economy move into a depression in the next few years, the changes in headship rates that supported housing demand in the 1950's could easily be reversed.

The Prospects for the 1960's

If household formations and housing starts are limited to the number required by population changes in the 1960's, the future will indeed be black. Under this circumstance, both household formations and housing starts would be far lower than in the last ten years. The decline would be concentrated at the middle life-cycle stages and would come entirely in the market for sales units. Furthermore, the decline in the number of housing starts in 1960-65 would be even greater than the one that took place between 1925-30 and 1930-35.

There is no reason to look only at the dark side of

Table 2. Population Changes, Household Formations, and Housing Starts
(Millions of people or dwelling units)

Periods, July 1 to June 30	Change in population over 15	Required additions	Household formations	Housing starts
1920-30.....	14.41	5.42	5.55	7.12
1930-40.....	11.91	5.03	4.95	2.85
1940-50.....	11.87	6.30	7.97	6.12
1950-60.....	12.84	5.14	9.44	11.78
1960-70.....	22.88	7.16		
1955-60.....	7.29	2.71	4.14	5.91
1960-65.....	10.70	3.09		

Sources of data: U.S. Bureau of the Census, National Bureau of Economic Research, and Housing and Home Finance Agency.

things. If we are neither pessimistic nor overly optimistic but simply assume the future change in headship rates will be the same as in the recent past, then we could conclude that household formations will increase in the 1960's. On the other hand, we would be forced to admit that the increase would be smaller (in 1960-65 at least) than in several past periods and would completely by-pass the middle life-cycle stages.

However, even if all goes well and headship rates do increase in the 1960's as they did in the 1950's, housing starts would still fall sharply in 1960-65 (and would not increase relative to the 1950's for the entire decade) unless a continued excess of housing starts over household formations can be achieved. This excess would have to be maintained in the face of steadily increasing vacancies, and even if this could be accomplished, the probable decline in the average value of housing starts might reduce real expenditures (especially in 1960-65).

There is little chance that residential construction will increase by as much in the 1960's as in the 1950's, but whether the high level of residential building activity reached in the 1950's is likely to continue in the next ten years is more difficult to establish. Clearly, this possibility depends on what happens to headship rates and to the relation between household formations and housing starts in the 1960's.

Our considered judgment is that headship rates probably will increase in the next five to ten years, but not sufficiently to prevent a decline in residential construction. We have given several reasons for expecting a smaller increase in headship rates in the future than in the recent past. No one can count on the special conditions of the 1950's recurring, and it seems quite possible that household formations and housing starts will be closely limited by population changes in the 1960's just as in the decades before the 1950's. Thus, the largest population base for additions to the housing stock in our history may still not be large enough to prevent residential construction from falling in the 1960's.

The prospects are particularly bleak for the next five years. Even should the 1955-60 increase in headship rates be accomplished, it would still be necessary for housing starts to exceed household formations by a large amount simply to maintain the same level of housing starts as in 1955-60, by even more to keep real expenditures from falling, and by still more to increase residential construction in the next five years as in past boom periods. With vacancies increasing and the population base less responsive to credit policy, none of these conditions is likely to be met.

In the absence of further one-time changes such as stimulated housing markets in the 1950's, the one possible salvation for residential construction would seem to be a rapid increase in per capita real income, originating (as it must) outside the housing sector and proceeding at a more rapid pace than in the recent past. However, in 1960-65 at least, the same changes in age composition that will adversely affect residential construction will also adversely affect the economy in other ways, and one wonders whether the increase in real income so necessary for booming housing markets will be forthcoming from the private economy in the required dosages. Even with continued growth in real income, the best that seems possible is for residential construction to hold the level reached in 1955-60 in the next five years. No stimulus to economic expansion is in sight from this sector of the economy until after 1965, and then the stimulus will be less than in the 1950's.

Monetary Policy for Recovery

(Continued from page 2)

month rate of perhaps $2 billion and then fall off sharply as workers are re-employed or lose their rights to the additional 13 weeks of benefit payments. Those payments in the aggregate will be below average by the year-end, and with the additional payroll tax becoming effective at that time, the net effect thereafter may be negative.

The speed-up of the defense program affords another illustration. The budget data presented by Budget Director Bell suggest that there will be a quick upsurge in expenditures to a peak at the middle of this year and no further increase during fiscal 1962. Thus, we may already be getting most of the effects of the increases in defense expenditures so far proposed. After mid-1962, the course of the program depends on international developments and cannot be definitely predicted.

Will Monetary Policy Help?

What is clear from careful analysis of the budget, in other words, is that current fiscal policy does not guarantee our longer-term economic welfare. Everything the government has done so far is designed to get quick results, and Congress cannot be expected to do much more this session. Most congressmen are not likely to recognize any longer-term problem while business is improving. Hence, while fiscal action is the main reliance this year, monetary policy is the hope for continued progress after the year-end.

Since monetary policy is for the time being in a condition of stalemate, the economy is being thrown back on its own. But the key segments of the economy give little reason to look for a strong recovery. An interrupted inventory cycle is not likely to contribute much more than the cessation of liquidation, and the swing to accumulation is being achieved currently. Residential construction is not likely to be strong, for reasons spelled out in this month's special article. Net exports reached a peak in the first quarter that is not likely to be maintained. Industrial production is not likely to rise enough to produce a strong upsurge in business expenditures for new plant and equipment. The recovery, therefore, may taper off quickly. Taking the widely predicted $20 billion increase in real gross national product by year-end as an acceptable basis for calculation, it appears that 60 percent may be achieved by midyear and 90 percent by the end of the third quarter.

There is a danger, therefore, that the recovery will be a flash in the pan unless some new stimulus is provided. The anticipated changes in money markets would seem to favor moderate tightening. The inventory reversal will impose some increased demand for loans, and the government is again running a deficit. As at least partial offsets, there is a considerable volume of free funds for meeting these "short-term" demands and the business cash flow will be increasing. Additional demands for long-term funds for homebuilding, business fixed capital, and state and local government projects will probably be moderate. Unless an active policy for easy money is continued the effect will be to push interest rates back up, and this will tend to restrict further the recovery in private investment.

This prospect, that everything may be resolved unfavorably to growth in the months ahead, is the major cause of concern to those who fear our inability to solve the unemployment problem. The Council's search for new measures to promote progress beyond the short period covered by the present forces for recovery appears to be fully justified. VLB

BUSINESS BRIEFS

PUBLICATIONS AND DEVELOPMENTS OF BUSINESS INTEREST

Housing Developments for Older People

According to *Business Week,* housing developments designed for older people are a growing business, and builders in several states are starting to tap this special market. For example, Sun City, a residential area for elderly people located just outside Phoenix, Arizona, was started in 1960 and already nearly 1,500 single family houses and 250 cooperative apartments have been sold. A similar city for elderly people called Palm City is being constructed near Palm Springs, California, at an estimated cost of $30 million. It will include 1,800 homes and 400 cooperative apartments surrounding a community shopping center, a medical-dental center, and extensive recreational facilities. Thus far, about 360 of the houses have been sold, and reservations have been made for 40 apartments.

In Sun City prices start at $8,500 for apartments and $9,150 for houses. In Palm City prices run from $9,750 for an apartment up to $17,250 for houses. Both cities have FHA financing with a minimum 3 percent down payment and a 30-year mortgage at 5.5 percent interest.

Developers of Sun City and Palm City are operating on the theory that older people prefer living among persons their own age in units specially designed for their age group. The average age of residents in Sun City is 62 years, and Palm City has limited sales to couples with at least one member aged 50 years or older. Some of the special features of the living quarters include extra wide doors and halls, ground level entrances, and higher electrical outlets and lower switches than usual.

College Trainee Survey

Management Record recently published the results of a survey of college trainees employed by a large manufacturing company. The survey was designed to determine what caused the high turnover in this group of the company's employees. Between 1954 and 1959, 1,008 graduates were hired by this company. Within one year 12 percent had terminated their employment, within two years 25 percent, within three years 34 percent, and by the end of the fourth year 40 percent. The study showed that the turnover was just as high among graduates with technical training as among those with a liberal arts background.

When asked why they terminated their employment, the college trainees most frequently gave inadequate pay as the reason for leaving the company. Other reasons given were lack of advancement opportunity, dissatisfaction with company policy, change in personal career, and poor supervision.

The company concluded from the survey that the college training program needed to be strengthened by better organization and closer controls. Apparently recruits wanted a real job to do, someone to guide them and check on their progress, and to be rewarded in terms of money and position for a job well done.

General Population Characteristics

The Bureau of the Census has reported that between 1900 and 1960 the population per square mile in the country almost doubled. In 1960 there were 50.5 persons per square mile; this figure was down slightly from 1950 because of the addition of the vast territory of Alaska to the area included. Had Alaska and Hawaii been states at the time of the 1950 Census, the population density would have been 42.6 persons per square mile. Rhode Island is the most densely populated state, with 812.4 persons per square mile, whereas Alaska has only one inhabitant for each 2.5 square miles.

The median age for the country was 29.5 years in 1960, down from 30.2 years in 1950. This was the first time that the median age had dropped in any decennial census period since the first census was taken in 1790.

The 1960 census showed there were 91 million females and 88 million males in the nation, for a female-male ratio of 100 to 97. This was up from the 1950 level when 76 million females and 75 million males were reported. The last decennial count also disclosed that there were 9.1 million women but only 7.5 million men who were 65 years of age or over in 1960.

PER CAPITA PERSONAL INCOME BY STATES, 1960

Source: U.S. Department of Commerce, *Survey of Current Business,* April, 1961, p. 11.

Personal Income Up

The April, 1961, issue of the *Survey of Current Business* reports that personal income for the entire nation was at a new high of $402 billion in 1960. This was 5 percent above 1959. Each of the 50 states and the District of Columbia shared in this increase. The percentage changes among the states showed a considerable degree of uniformity.

Per capita personal income also set a new record in nearly every state. Only in New Mexico did per capita income fall below the 1959 level. The national per capita income averaged $2,242, an increase of 4 percent from the 1959 level. Per capita income varied from a high of $3,094 in Delaware to a low of $1,190 in Mississippi. As is shown in the accompanying chart, states with high per capita incomes are concentrated in the Mideast and Far West where incomes averaged nearly 20 percent above the national average.

LOCAL ILLINOIS DEVELOPMENTS

Central Office Space in Chicago

The Real Estate Research Corporation recently conducted a study for the Chicago City Planning Department entitled *Central Area Office Space Study: Chicago, Illinois,* in which it was estimated that by 1980 an additional 13 million square feet of new office space will be constructed in downtown Chicago. This will represent a 27 percent increase in office space over 1960.

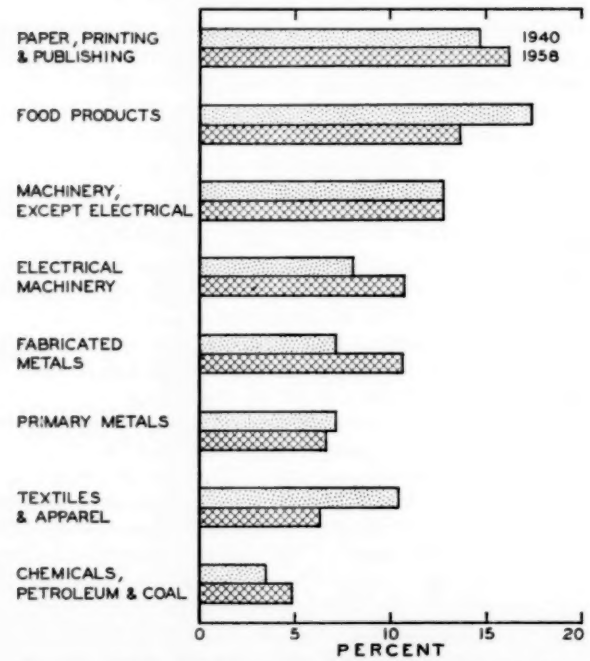
By the end of 1960 downtown Chicago had 47.6 million square feet of office space, of which about 85 percent was occupied by private users and 11 percent by government, with the remaining portion vacant. Since the end of World War II, the net gain in office space has amounted to 8.5 million square feet. Of this total, nearly 5.5 million square feet were obtained by converting existing buildings to office use. During this period 34 new central area buildings, containing about 3.9 million square feet, were constructed. There was a loss of almost 900,000 square feet of space during the period because of demolition to make room for new buildings and parking lots.

Illinois Farms

According to preliminary figures of the 1959 Census of Agriculture, Illinois ranked sixth in the nation in the number of farms, with a total of 155,000. Nearly 80 percent of these farms were classified as commercial, 13 percent as part-time, and 7 percent as part-retired.

Fewer than 6,000 of the Illinois commercial farms had a total value of products sold amounting to $40,000 or more. Only California, Texas, and Iowa had a larger number of farms in this classification, and the four states together accounted for about 40 percent of the country's biggest farms as measured by sales value. The largest group of Illinois farms (25 percent) had sales between $10,000 and $19,000 a year, and over 60 percent fell in the upper four classes having products valued at $5,000 or more a year.

RELATIVE IMPORTANCE OF LEADING INDUSTRIES IN CHICAGO MANUFACTURING EMPLOYMENT, 1940 AND 1958



Source: Chicago Department of City Planning, *Employment in the City of Chicago with Projections to 1965,* Economic Base Study Series No. 1.

Small Retailer Project

New knowledge about factors affecting the survival of small retailers will be the objective of interviews with about 450 owners of retailing establishments in Illinois.

The survey, which will get under way in June, is part of a project sponsored by the Bureau of Economic and Business Research at the University of Illinois. Relationships between such factors as the size and line of a firm, the type of community in which it is located, and its competitive practices and merchandising methods will be investigated in an attempt to develop guides to the minimum factors essential for success in a given line.

Retailers will be selected from nine areas chosen for their distinctive economic characteristics. These include Bloomington, Centralia, Jacksonville, La Salle, Rockford, Springfield, West Frankfort, Winnetka, and a cluster of small towns in Cumberland and Clark counties.

Community Manpower Planning

The Illinois State Employment Service has recently released its survey of skilled manpower requirements and training resources in Macon County titled *Decatur Blueprint for Manpower 1960-1965.* The study was designed to supply data which can be used in vocational counseling in the county to direct high school students and young workers into career fields where local employment opportunities will be the greatest.

The survey estimates that by 1965 about 2,900 skilled workers will need to be added to the present skilled working force of 16,400 persons. Also, an additional 2,150 workers will be needed to replace those who will drop out of the labor force because of marriage, retirement, or death.

The study reveals that only 55 percent of the area's future skilled manpower requirements can be met by the present local training programs of schools, employers, and trade unions. This leaves an estimated shortage of about 2,300 skilled workers by 1965. Professional, scientific, and engineering workers make up 35 percent of the shortage, followed by clerical personnel with 20 percent.

Manufacturing Employment in Chicago

Data released by the Department of City Planning in Chicago show that between 1940 and 1958 there was a marked shift in the structure of manufacturing employment in Chicago. In 1940 total manufacturing employment was about evenly divided between the durable and nondurable goods industries; in 1958 the share of the durable goods sector had increased to nearly 60 percent.

In 1958, paper, printing, and publishing was the leading manufacturing industry in terms of employment, displacing the food products industry, which led in 1940 (see chart). The textiles and apparel industry dropped from third place in 1940 to seventh place in 1958.

The fabricated metal industry experienced the largest relative growth during the 18-year period. Its share of total manufacturing employment increased from 7 percent in 1940 to 11 percent in 1958. The shares of the chemical-petroleum-coal and electrical machinery industries also rose significantly.

COMPARATIVE ECONOMIC DATA FOR SELECTED ILLINOIS CITIES

March, 1961

		Building Permits[1] (000)	Electric Power Consumption[2] (000 kwh)	Estimated Retail Sales[3] (000)	Department Store Sales[4]	Bank Debits[4] (000,000)	Postal Receipts[5] (000)
ILLINOIS		$52,615[a]	1,272,366[a]	$478,351[a]		$21,376[a]	$17,824[a]
Percentage change from	Feb., 1961	+31.2	−1.2	−4.3	+31	+18.1	+8.0
	Mar., 1960	+41.0	−1.7	−6.6	+10	+3.7	+3.2
NORTHERN ILLINOIS							
Chicago		$39,267	940,088	$346,569		$19,846	$15,436
Percentage change from	Feb., 1961	+16.4	−0.4	−6.5	+29	+18.4	+8.6
	Mar., 1960	+44.1	−1.7	−9.1	+9	+3.9	+3.0
Aurora		$ 2,218	n.a.	$ 7,584		$ 83	$ 157
Percentage change from	Feb., 1961	+450.4		−1.3	+50	+12.2	−8.2
	Mar., 1960	+176.6		−10.3	+12	−0.4	+0.7
Elgin		$ 576	n.a.	$ 5,260		$ 50	$ 128
Percentage change from	Feb., 1961	+308.5		+9.8	n.a.	+12.1	+8.8
	Mar., 1960	+12.9		−2.7		+1.0	+7.9
Joliet		$ 256	n.a.	$ 8,439		$ 91	$ 116
Percentage change from	Feb., 1961	−63.5		−11.7	+50	+14.5	+4.3
	Mar., 1960	−76.2		−11.5	+9	−2.2	+2.5
Kankakee		n.a.	n.a.	$ 4,273		n.a.	$ 86
Percentage change from	Feb., 1961			+2.6	n.a.		+31.0
	Mar., 1960			−2.6			+8.7
Rock Island-Moline		$ 1,007	27,581	$ 9,283		$ 115[b]	$ 185
Percentage change from	Feb., 1961	+123.8	−7.1	−3.8	n.a.	+7.3	−13.3
	Mar., 1960	+30.8	−3.0	−4.5		+0.7	−2.9
Rockford		$ 2,378	54,258[c]	$15,969		$ 220	$ 272
Percentage change from	Feb., 1961	+212.9	+2.6	−3.5	+20[c]	+16.2	+2.3
	Mar., 1960	+242.7	−1.6	−3.8	+2[c]	−3.0	+1.0
CENTRAL ILLINOIS							
Bloomington		$ 397	10,941	$ 5,008		$ 87	$ 149
Percentage change from	Feb., 1961	+92.7	−4.3	−1.8	n.a.	+16.4	+15.2
	Mar., 1960	−41.4	+0.1	+7.3		+19.8	+17.3
Champaign-Urbana		$ 2,459	15,410	$ 7,433		$ 87	$ 133
Percentage change from	Feb., 1961	+2,759.3	−3.2	+4.4	n.a.	+12.9	+9.6
	Mar., 1960	+357.1	−0.6	+9.0		+6.7	+6.5
Danville		$ 130	14,137	$ 4,865		$ 49	$ 67
Percentage change from	Feb., 1961	−42.7	−6.8	−6.4	+49	+9.1	−4.0
	Mar., 1960	−87.6	−1.2	−5.2	+16	+1.6	−0.2
Decatur		$ 166	34,803	$ 9,339		$ 126	$ 134
Percentage change from	Feb., 1961	−17.0	−7.9	−6.1	+52[c]	+16.6	+0.4
	Mar., 1960	−56.5	−4.5	−5.4	+14[c]	+5.2	+12.7
Galesburg		$ 419	9,527	$ 3,572		n.a.	$ 46
Percentage change from	Feb., 1961	+598.3	−2.8	−10.3	n.a.		+9.4
	Mar., 1960	+84.6	−1.0	−2.9			−8.2
Peoria		$ 1,350	59,105[c]	$19,993		$ 230	$ 315
Percentage change from	Feb., 1961	+230.9	−4.3	+43.6	+32	+14.9	+2.2
	Mar., 1960	−2.9	−2.2	+32.6	+13	−2.8	−8.9
Quincy		$ 44	12,983	$ 4,515		$ 55	$ 77
Percentage change from	Feb., 1961	−52.2	−5.0	+2.5	+43	+16.3	−9.6
	Mar., 1960	−53.7	+15.5	+3.5	+14	+10.9	+7.2
Springfield		$ 902	39,877[c]	$11,018		$ 142	$ 352
Percentage change from	Feb., 1961	−48.3	−1.2	−3.3	+43[c]	+18.2	+25.0
	Mar., 1960	−5.2	−1.5	−1.2	+29[c]	+4.9	+26.2
SOUTHERN ILLINOIS							
East St. Louis		$ 324	17,634	$ 7,199		$ 148	$ 75
Percentage change from	Feb., 1961	+332.0	−3.7	−1.2	n.a.	+13.8	−4.3
	Mar., 1960	+535.3	+3.1	−3.0		−3.4	−5.3
Alton		$ 550	24,966	$ 4,143		$ 48	$ 44
Percentage change from	Feb., 1961	−6.1	+5.9	−1.9	n.a.	+15.2	+7.9
	Mar., 1960	−30.9	−3.2	−8.4		−5.1	+6.9
Belleville		$ 172	11,056	$ 3,887		n.a.	$ 52
Percentage change from	Feb., 1961	−22.9	−14.2	−6.2	n.a.		−5.4
	Mar., 1960	+212.7	−6.9	+0.5			−2.8

[a] Total for cities listed. [b] Includes East Moline. [c] Includes immediately surrounding territory. n.a. Not available.

Sources: [1] Local sources. Data include federal construction projects. [2] Local power companies. [3] Illinois Department of Revenue. Data are for February, 1961. Comparisons relate to January, 1961, and February, 1960. [4] Research Departments of Federal Reserve Banks in Seventh (Chicago) and Eighth (St. Louis) Districts. Department store sales percentages rounded by original sources. [5] Local post office reports. Four-week accounting periods ending March 31, 1961, and April 1, 1960.

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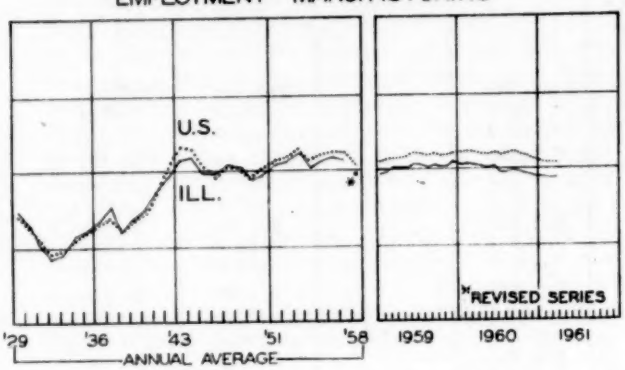
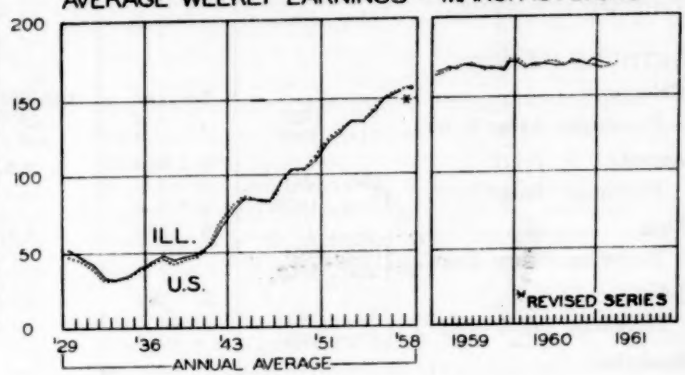
INDEXES OF BUSINESS ACTIVITY

1947-1949 = 100

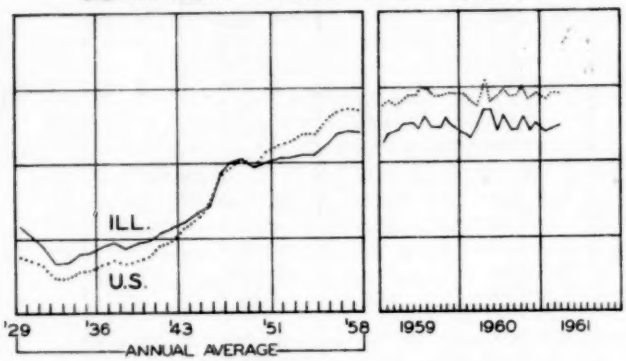
EMPLOYMENT MANUFACTURING



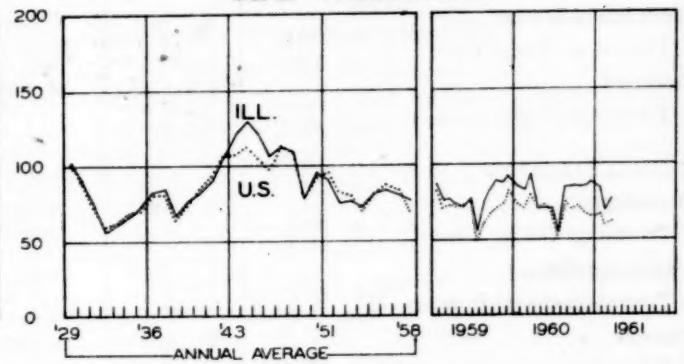
AVERAGE WEEKLY EARNINGS—MANUFACTURING



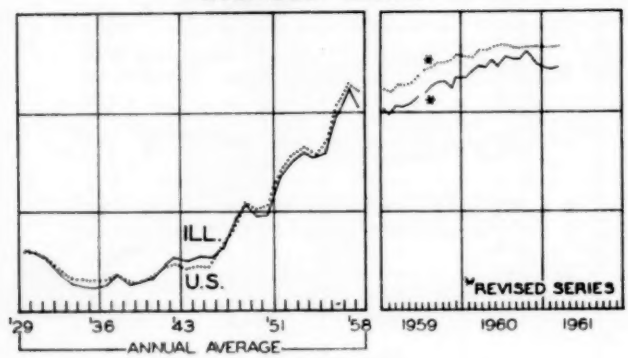
DEPARTMENT STORE SALES (ADJ.)



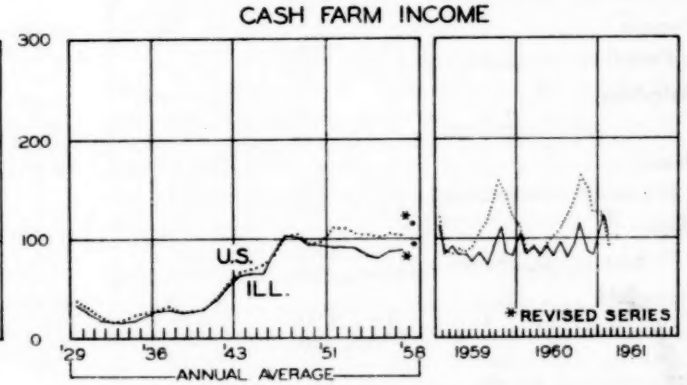
COAL PRODUCTION



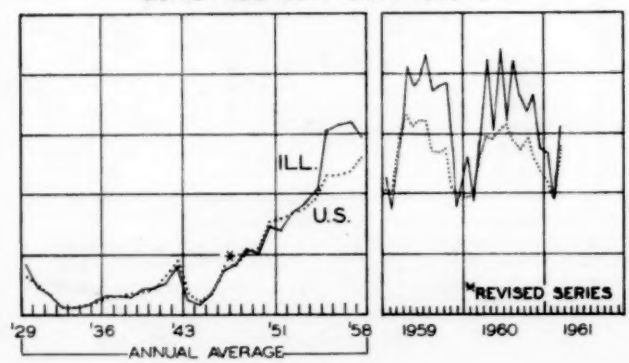
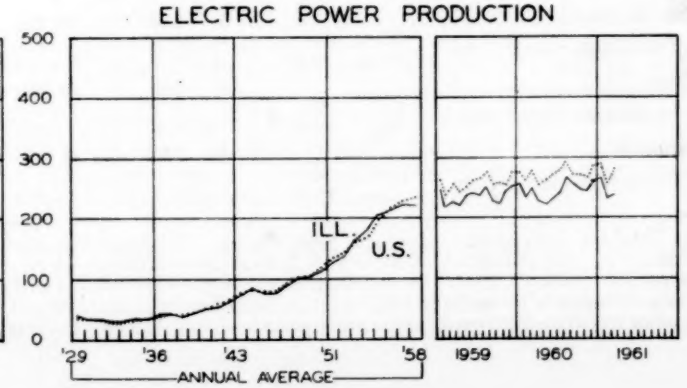
BUSINESS LOANS



CASH FARM INCOME



CONSTRUCTION CONTRACTS



ELECTRIC POWER PRODUCTION